tvo

The Ontario Educational Communications Authority

Financial Statements
for the year ended
March 31, 2021

tvo Never stop learning
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Management's Responsibility for Financial Statements

The accompanying financial statements of the Ontario Educational Communications Authority have been prepared in accordance with Canadian public sector accounting standards and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be determined with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 24, 2021.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded, and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board reviews and approves the financial statements and meets periodically with management, and the Office of the Auditor General of Ontario to discuss audit, internal control, accounting policy, and financial reporting matters.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report, which appears on the following page, outlines the scope of the Auditor General's examination and opinion.

On behalf of Management:

Jeffrey L. Orridge
Chief Executive Officer

Jennifer Hinshelwood
Chief Operating Officer

Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

INDEPENDENT AUDITOR'S REPORT

To the Ontario Educational Communications Authority
and to the Minister of Education

Opinion

I have audited the financial statements of the Ontario Educational Communications Authority (operating as TVO), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TVO as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of TVO in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing TVO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless TVO either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing TVO's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TVO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on TVO's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause TVO to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
June 24, 2021

Susan Klein, CPA, CA, LPA
Assistant Auditor General

Statement of Financial Position

As of March 31, 2021

($000s)	2021	2020
Assets		
Current Assets		
Cash and cash equivalents (note 3)	16,326	18,823
Short term investments (note 3)	15,664	11,183
Accounts receivable (note 3)	15,815	1,192
Prepaid expenses	1,009	1,037
Inventories	18	22
	48,832	**32,257**
Broadcast rights and production costs (note 7)	**20,502**	**20,112**
Investments held for Capital Renewal (note 5)	**3,467**	**3,459**
Capital assets (note 6a)	**11,983**	**14,024**
Total Assets	**84,784**	**69,852**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	8,225	8,837
Deferred revenue (note 8)	22,099	8,056
	30,324	**16,893**
Deferred capital contributions (note 9)	7,294	8,058
Employee future benefits (note 4)	15,631	15,259
Asset retirement obligation (note 6b)	234	224
	23,159	**23,541**
Net Assets		
Invested in broadcast rights and production costs	20,502	20,112
Invested in capital assets	7,909	9,165
Unrestricted	2,890	141
	31,301	**29,418**
Total Liabilities and Net Assets	**84,784**	**69,852**

Commitments and contingencies (notes 14 and 17)
See accompanying Notes to Financial Statements.

On behalf of the Board:

Chair **Director**

Statement of Operations

As of March 31, 2021

($000s)	**2021**	**2020**
Revenues		
Government operating grants (note 10)	38,303	38,303
Independent Learning Centre and Mathify contracts (note 15a)	9,698	9,166
Earned revenue (note 12)	11,973	11,448
Government project funding (note 11)	3,061	3,268
Amortization of deferred capital contributions (note 9)	958	965
	63,993	**63,150**
Expenses		
Content and programming	18,436	18,579
Technical and production support services	15,128	15,488
Independent Learning Centre and Mathify contracts (notes 15b and 15c)	13,114	13,274
Online Course Development and Technology Support (note 16b)	2,501	-
Management and general expenses	5,984	5,371
Employee future benefits (note 4)	521	382
Cost of earned revenue (note 12)	2,606	3,166
Amortization of capital assets	3,820	4,053
	62,110	**60,313**
Excess of revenues over expenses	**1,883**	**2,837**

See accompanying Notes to Financial Statements.

Statement of Changes in Net Assets

For the year ended March 31, 2021

($000s)	2021				
	Invested in Broadcast Rights and Production Costs	**Invested in Capital Assets**	**Internally Restricted**	**Unrestricted**	**Total**
Balance, beginning of year	**20,112**	**9,165**	-	**141**	**29,418**
Excess/(deficiency) of revenues over expenses	(6,449)	(2,936)	-	11,268	1,883
Invested in assets during the year	6,839	1,680	-	(8,519)	-
Balance, end of year	**20,502**	**7,909**	-	**2,890**	**31,301**

($000s)	2020				
	Invested in Broadcast Rights and Production Costs	**Invested in Capital Assets**	**Internally Restricted**	**Unrestricted**	**Total**
Balance, beginning of year	**19,817**	**9,387**	-	**(2,623)**	**26,581**
Excess/(deficiency) of revenues over expenses	(6,612)	(3,098)	-	12,547	2,837
Invested in assets during the year	6,907	2,876	-	(9,783)	-
Balance, end of year	**20,112**	**9,165**	-	**141**	**29,418**

See accompanying Notes to Financial Statements.

Statement of Cash Flows

For the year ended March 31, 2021

($000s)	2021	2020
Operating Activities		
Excess of revenues over expenses	1,883	2,837
Add/(deduct) non-cash items:		
Amortization of capital assets	3,820	4,053
Accretion ARO (note 6)	10	10
Amortization of deferred capital contributions (note 9)	(958)	(965)
Amortization of broadcast rights and production costs (note 7)	6,449	6,612
Employee future benefits expense	521	382
Loss on disposal of capital assets	64	1
Net changes in non-cash working capital:		
Accounts receivable	(14,623)	(281)
Inventories	4	107
Prepaid expenses	28	406
Deferred revenue	14,043	915
Accounts payable and accrued liabilities	(612)	1,123
Employee future benefits payments	(149)	(557)
Cash provided by operating activities	**10,480**	**14,643**
Capital transactions		
Broadcast rights additions	(6,839)	(6,907)
Capital asset additions	(1,844)	(3,164)
Proceeds from disposal of capital assets	1	4
Cash applied to capital transactions	**(8,682)**	**(10,067)**
Investing and financing transactions		
Purchase of short term investments	(10,050)	(11,190)
Redemption of short term investments	5,889	21,015
Interest	(320)	(268)
Current year’s deferred capital contributions	186	322
Cash provided by investing and financing activities	**(4,295)**	**9,879**
Net increase (decrease) in cash position during the year	**(2,497)**	**14,455**
Cash and cash equivalents, beginning of year	**18,823**	**4,368**
Cash and cash equivalents, end of year	**16,326**	**18,823**

See accompanying Notes to Financial Statements.

Notes to Financial Statements

For the year ended March 31, 2021

1. AUTHORITY AND MANDATE

The Ontario Educational Communications Authority (the "Authority") is a Crown Corporation of the Province of Ontario that was created in June 1970 by the Ontario Educational Communications Authority Act (the "Act"). In accordance with the Act, the Authority's main objective is to initiate, acquire, produce, distribute, exhibit or otherwise deal in programs and materials in the educational broadcasting and communications fields. The Authority is licensed by the Canadian Radio-television and Telecommunications Commission ("CRTC") to broadcast English-language educational television programs. The broadcasting licence is subject to renewal by the CRTC and the current licence is for the period September 1, 2015 to August 31, 2022.

The Authority is a registered charitable organization which may issue donation receipts for income tax purposes. As a Crown Corporation of the Province of Ontario, the Authority is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Authority have been prepared by management in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations that include the 4200 series of the Public Sector Accounting Standards.

(b) Cash and Cash Equivalents

Cash includes balances with banks, net of any overdrafts. Cash equivalents consist of short-term, high-grade Canadian dollar investments maturing within 90 days.

(c) Inventories Held for Consumption

Inventories held for consumption, consisting of maintenance supplies and media tapes, are valued at cost where cost is determined on a first-in-first-out basis, net of an allowance for obsolescence.

(d) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight line basis over the following terms beginning the year following acquisition:

Capital Assets	Amortization Period
Building	30 years
Computer Equipment	5 years
Computer Software	3-5 years
In-House Technical Equipment	7 years
Leasehold Improvements	5 years
Office Equipment	10 years
Office Furniture and Fixtures	15 years
Transmitters	17 years
Transmitters - Asset Retirement Obligation	17 years
Transmitter Monitoring Equipment	7 years
Vehicles	5 years

The Authority reviews the carrying amounts of its capital assets on an annual basis. When a capital asset no longer has any long-term service potential, the Authority will recognize an expense (write-down) equal to the excess of its net carrying amount over any residual value.

Work in progress is not amortized until the completed assets are placed into operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Revenue Recognition

1. The Authority follows the deferral method of accounting for grants and contributions whereby restricted grants, contributions and bequests are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants, contributions and bequests are recognized as revenue when received or receivable (if the amount to be received can be reasonably estimated and collection is reasonably assured).
2. Revenue from grants and contributions restricted for the purchase of capital assets is deferred and amortized over the same period of use as the related capital asset.
3. Revenue from the licensing of program material is recognized when the program material is delivered.
4. Individual donations are recorded on a cash basis. Contributions from corporate sponsors are recognized equally over the period the sponsorship program is delivered by the Authority.
5. Revenue from sponsorship is recognized when the content is broadcast or webcast.
6. Student fees for courses offered by the Independent Learning Centre ("ILC") and registration fees for General Education Development ("GED") are recognized as revenue at the time of enrolment.

(f) Employee Future Benefits

Pension Benefit Costs

Eligible Authority employees are members of the Public Service Pension Plan (PSPP). The Authority accounts for its participation in the PSPP, which is a multi-employer defined benefit pension plan, as a defined contribution plan.

The Province of Ontario, who is the sole sponsor of the PSPP, determines the Authority's annual payments to the PSPP and is responsible for ensuring that the pension funds are financially viable. Any surplus or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Authority. Therefore, the Authority's contributions are accounted for as if the PSPP was a defined contribution plan with the Authority's contributions being expensed in the period they come due.

Post-employment Benefits Plan

The cost of other post-retirement benefits is determined by independent actuaries based on management's best estimate assumptions using the projected benefits method prorated on service. Adjustments to these costs arising from changes in estimates and actuarial experience gains and losses are amortized over the estimated average remaining service life of the employee groups on a straight-line basis.

(g) Broadcast Rights and Production Costs

Broadcast rights and production costs are accounted for as follows:

- Current events and network promotion programs produced by the Authority are expensed in the year the costs are incurred.

- All other programs produced by the Authority and programs licensed under co-production, pre-buy and acquisition contracts are recorded at cost less accumulated amortization. Amortization is calculated on a straight line basis over the following periods:

    - Program licence acquired: term of contract
    - Program produced by the Authority: four years

(h) Financial Instruments

The Authority's financial instruments are accounted for as follows:

- Cash and cash equivalents, including investments held for capital renewal, are measured at amortized cost.
- Accounts receivable are stated at amortized cost.
- Accounts payable and accrued liabilities are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Asset Retirement Obligation

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the asset. The obligations are initially measured at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of the discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations. The Authority recognizes a liability for future decommissioning of its transmitter facilities.

(j) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include employee future benefit obligations and useful life of capital assets and broadcast rights. Actual results could differ from those estimates.

(k) Prepaid Expenses

Prepaid expenses include, property tax, cleaning, hydro, software support and other prepaids and are charged to expense over the period the Authority is expected to benefit from the expenditure.

(l) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

3. FINANCIAL INSTRUMENTS

Cash and cash equivalents

The Authority's cash equivalents consist of short-term, high-grade Canadian dollar investments. These investments mature within 90 days and had an average yield of 1.23% (2020 – 2.34%).

Short term investments

The Authority's short term investments consist of high-grade Canadian dollar investments that have a maturity date greater than 90 days. All the investments were purchased with a term of 1 year or less.

Accounts receivable

($000s)	**2021**	**2020**
Ministry of Education	14,705	**-**
ILC earned revenue, donations, sales and licensing, tower rentals and transmitter maintenance fees	823	781
HST rebate	267	386
Others	20	25
	15,815	**1,192**

The accounts receivable are current in nature and expected to be received within 90 days of the year end.

Operating line of credit

As part of its financial arrangements, the Authority negotiated a demand revolving line of credit with CIBC. The maximum available credit under the facility is $1.0 million (2020 – $1.0 million). The line of credit is unsecured and bears interest at the bank's prime lending rate. As at March 31, 2021, no amount (2020 – $0) was outstanding under the facility.

3. FINANCIAL INSTRUMENTS (CONT'D)

Risk disclosures

(a) Liquidity risk
Liquidity risk is the risk that the Authority will not be able to meet its cash flow obligations as they fall due. The Authority manages its liquidity risk by monitoring its operating requirements and prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Authority is not exposed to significant liquidity risk.

(b) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority is exposed to credit risk arising from its accounts receivable. Given the amount of the Authority's accounts receivable and past experience regarding payments, the Authority is not exposed to significant credit risk.

(c) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Due to the short-term nature of the Authority's financial instruments, their carrying value approximates fair value and as a result the Authority is not exposed to significant interest rate risk.

(d) Foreign currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority maintains a U.S. dollar bank account. Its balance was not large enough at any time during the year to expose the Authority to significant currency risk.

4. EMPLOYEE FUTURE BENEFITS

Pension Benefit Costs

The PSPP is a contributory defined benefit plan. PSPP members receive benefits based on length of service and the average annualized earnings during the five consecutive years that provide the highest earnings prior to retirement, termination or death. The PSPP is funded by contributions from participating employers and members, and by the investment earnings from the Public Service Pension Fund. Contributions from members and employers are remitted to the Ontario Pension Board (OPB).

The Agency's full-time employees participate in the Public Service Pension Plan (PSPP) which is a defined benefit pension plan for employees of the Province and many provincial agencies. The Agency's annual payment of $2.103 million (2020 - $2.0 million) is included in expenses of each department in the Statement of Operations and in employee benefits in Note 13.

Post-employment Benefits Plan:

The Authority offers post-employment benefits such as health care, dental care, and life insurance on a shared cost basis to persons hired before January 1, 2018. This plan is no longer offered to staff hired on or after January 1, 2018.

The most recent actuarial valuation for funding purposes of the other post-employment benefits plans was performed as of January 1, 2019.

Information about the Authority's pension and other benefit plans is presented in the following tables.

	Post-employment Benefit Plan	
($000s)	**2021**	**2020**
Accrued benefit obligation	15,676	13,660
Balance of unamortized actuarial (gains)/losses as of January 1	(8)	1,738
Contributions – Jan 1 to Mar 31	(37)	(139)
Employee future benefits liability as at March 31	**15,631**	**15,259**

4. EMPLOYEE FUTURE BENEFITS (CONT'D)

	Post-employment Benefit Plan	
($000s)	**2021**	**2020**
Expenses for the year:		
Service cost (employer portion)	373	310
Amortization of actuarial (gains)/losses	(294)	(392)
Interest cost on accrued benefit obligation	442	464
Total expenses	**521**	**382**
Contributions made to the plans:		
Contributions - Authority	261	261

The significant assumptions adopted in measuring the employee benefit obligations and pension expenses are as follows:

	Post-employment Benefit Plan	
	2021	**2020**
Discount rate to determine the accrued benefit obligation	2.50%	3.20%
Discount rate to determine the benefit cost	2.50%	3.20%
Health cost rate increase	4.50%	4.50%
Drug cost rate increase	5.70%	5.80%
Dental cost rate increase	4.50%	4.50%
Employee average remaining service lifetime (years)	12	13

The drug cost rate increase assumption is expected to decrease to 4.5% by 2033.

5. INVESTMENTS HELD FOR CAPITAL RENEWAL

To ensure that the Authority's technical capital assets keep pace with technological changes and can be maintained or replaced when needed, the Capital Renewal Fund (CRF) was established in 1984. Up to fiscal 2008/09, the Authority set aside up to 2% of the funding received as a contribution to the Capital Renewal Fund. Available funds are invested in short-term deposits maturing within 365 days that earned an average interest rate of 1.68% (2020 – 2.42%) during the fiscal year. The changes in the fund are as follows:

($000s)	**2021**	**2020**
Balance, beginning of year	3,459	3,695
Project expenses – Utilization of CRF	(50)	(321)
Interest earned	58	85
	3,467	**3,459**

6. CAPITAL ASSETS AND ASSET RETIREMENT OBLIGATION

(a) Capital Assets

Capital assets consist of the following:

($000s)			2021			2020
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	186	-	186	186	-	186
Building	1,988	1,949	39	1,988	1,946	42
Transmitters	8,669	5,228	3,441	7,324	5,354	1,970
Transmitters - asset retirement obligation	557	497	60	557	489	68
Transmitter monitoring equipment	1,744	1,644	100	2,158	2,028	130
In house technical equipment	21,215	19,315	1,900	21,152	19,075	2,077
Leasehold improvements	1,087	374	713	7,155	6,093	1,062
Computer equipment	7,087	5,958	1,129	6,758	5,641	1,117
Office furniture and fixtures	1,695	1,082	613	1,821	1,085	736
Office equipment	2	2	-	2	2	-
Vehicles	220	176	44	242	162	80
Computer software	12,660	8,920	3,740	12,566	6,755	5,811
Work-in-progress – transmitters	-	-	-	745	-	745
Work-in-progress – software	18	-	18	-	-	-
Total	**57,128**	**45,145**	**11,983**	**62,654**	**48,630**	**14,024**

Work-in-progress - software is related to the Online Course Development and Technology Support project.

(b) Asset Retirement Obligation

The Authority recognized a liability for future decommissioning of its transmitter facilities which was required under their respective leases. In determining the fair value of its asset retirement obligations, the Authority discounted the associated cash flows at credit-adjusted risk free rates. The total undiscounted amount of the estimated future obligations is $316,000 (2020 – $316,000).

($000s)	2021	2020
Opening balance	224	214
Accretion expense	10	10
Closing balance	**234**	**224**

7. BROADCAST RIGHTS AND PRODUCTION COSTS

Broadcast rights and production costs consist of the following:

($000s)			2021			2020
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Broadcast rights and completed productions	93,081	75,432	17,649	85,631	68,983	16,648
Work in progress	2,853	-	2,853	3,464	-	3,464
	95,934	**75,432**	**20,502**	**89,095**	**68,983**	**20,112**

Amortization expense for the year was $6,448,934 (2020 – $6,611,826) and is included in content and programming expense.

8. DEFERRED REVENUE

($000s)	2021	2020
ILC – Ministry of Education grant and provincial project funding (note 15)	5,479	4,853
Funding for Health & Physical Education (cancelled & funds returned)	-	272
ILC Enrolments – Paid in Advance	456	413
Gift to be utilized for Ontario Hubs (note 12a)	2,083	1,289
Gift to be utilized for ILC (note 12b)	67	33
Individual contributions greater than $100,000	615	634
Transmitter tower rental and maintenance	196	179
Sponsorship revenue	126	140
Other	46	243
Funding for Elementary Courses	5,557	-
Funding for Online Course Development and Technology Support	7,474	-
	22,099	**8,056**

Expenditures related to the above deferrals, have been budgeted for the 2022 fiscal year.

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent contributions received for the purchase of capital assets and are recorded as revenue (amortization of deferred capital contributions) in the Statement of Operations when the related capital assets are amortized. The changes in the deferred contributions balance are as follows:

($000s)			2021
	Unamortized Capital Contributions	**Unspent Funds**	**Total**
Deferred capital contributions, beginning of year	**4,598**	**3,460**	**8,058**
Davis Studio modifications and lighting	40	(40)	-
600MHz transmitter line replacement	11	(11)	-
Online Course Development and Technology Support (note 16)	18	-	18
Elementary Courses (note 16)	93	-	93
Secondary Courses (note 16)	25	-	25
Interest earned	-	58	58
Amortization of deferred capital contributions to revenue	(958)	-	(958)
Deferred capital contributions, end of year	**3,827**	**3,467**	**7,294**

($000s)			2020
	Unamortized Capital Contributions	**Unspent Funds**	**Total**
Deferred capital contributions, beginning of year	**5,242**	**3,695**	**8,937**
Davis Studio rebuild	200	(200)	-
600MHz transmitter line replacement	121	(121)	-
Interest earned	-	86	86
Amortization of deferred capital contributions to revenue	(965)	-	(965)
Deferred capital contributions, end of year	**4,598**	**3,460**	**8,058**

10. GOVERNMENT OPERATING GRANTS

($000s)	2021	2020
Ontario Ministry of Education		
Base grant	36,767	36,767
Capital maintenance grant	1,536	1,536
	38,303	**38,303**

11. GOVERNMENT PROJECT FUNDING

($000s)	2021	2020
Provincial project funding		
Ministry of Education		
Accessibility for Ontarians with Disabilities Act funding	-	166
Funding for operations of Over the Air Transmitters	1,000	1,000
Capital funding for 600mhz upgrade	-	600
Funding for ILC – transition to Virtual Learning Environment	-	1,424
Funding for Health & Physical Education	-	78
Funding for Online Course Development and Technology Support	454	-
Funding for Online Course Development and Technology Support deferred (note 9)	(18)	-
Funding for Elementary Courses	1,243	-
Funding for Elementary Courses deferred (note 9)	(93)	-
Funding for Secondary Courses	500	-
Funding for Secondary Courses deferred (note 9)	(25)	-
Total government project funding	**3,061**	**3,268**

12. EARNED REVENUE AND COST

($000s)			2021			2020
	Revenue	**Cost**	**Net Revenue**	**Revenue**	**Cost**	**Net Revenue**
Individual and corporate donations and sponsorships	5,358	2,606	2,752	5,694	3,166	2,528
Ontario Hubs - gifts utilized (a)	626	-	626	798	-	798
ILC earned revenue	4,049	-	4,049	2,530	-	2,530
Tower rental and transmitter maintenance	998	-	998	1,057	-	1,057
Interest income	463	-	463	842	-	842
Sales and licensing	142	-	142	166	-	166
Property tax rebate program for charities	234	-	234	240	-	240
Asset disposal	1	-	1	4	-	4
Broadcasting Distribution Undertakings affiliate fees	100	-	100	102	-	102
Others	2	-	2	15	-	15
	11,973	**2,606**	**9,367**	**11,448**	**3,166**	**8,282**

(a) Green Family Gift and Other Contributions to be Utilized for Ontario Hubs

In December 2016, the Authority received a $2,000,000 gift to be utilized in the set up and operation of 4 journalistic local hubs (“Ontario Hubs”) in the province to provide in-depth current affairs journalism in regions across Ontario. An additional $2,000,000 was pledged by the Barrie and Laurie Green Family Charitable Trust in fiscal 2019 and the contribution received in 2021 was $844,000 (2020 $843,000; 2019 $833,000). Revenue will be recognized when expenditures are incurred for the set

12. EARNED REVENUE AND COST (CONT'D)

up and operation of the Ontario Hubs. There were expenditures of $626,000 for the year ended March 31, 2021 (2020 - $798,000; 2019 - $896,000).

($000s)	**2021**	**2020**
Balance, beginning of year	1,289	1,240
Contributions received – Green Foundation	844	843
Contributions received – Individual Donor gifts	576	4
Utilization of gift	(626)	(798)
Balance, end of year	**2,083**	**1,289**

(b) Barry and Laurie Green Family Charitable Trust

The Barry and Laurie Green Family Charitable Trust gifted $100,000 to the Authority over 3 years to develop awareness of educational initiatives. In fiscal 2020, the Authority received the first gift of $33,334. In fiscal 2021, the Authority received $33,333.

13. EXPENSES

(a) Allocated Expenses

The Authority allocates certain general expenses to major activities on the following bases:

- Building cost – based on floor area occupied by the activity
- Cost of mailing, shipping and printing – based on usage

Total general expenses allocated to major functional groups are as follows:

($000s)	**2021**	**2020**
Current affairs, documentaries and digital learning	1,216	1,311
Technical and production support services	43	493
Independent Learning Centre	755	959
Management and general	604	695
Cost of other earned revenue	95	103
	2,713	**3,561**

(b) Expenses by Type

The Statement of Operations reports on expenses by activity. Expenses by type during the fiscal year are as follows:

($000s)	**2021**	**2020**
Salaries and wages	32,497	30,049
Employee benefits *	6,911	6,248
Licences and other	8,062	7,294
Facilities	3,600	4,467
Employee future benefits	521	382
Other services	3,006	3,769
Transportation and communication	1,350	1,851
Advertising	2,079	1,888
Supplies and equipment	254	302
Amortization of capital assets and accretion expense	3,830	4,063
	62,110	**60,313**

14. COMMITMENTS

The Authority has entered into operating leases covering transmission facilities, offices, warehouses and equipment. Future lease payments are as follows:

Year ending March 31 ($000s)	Head Office Space	Others	Total
2022	890	640	1,530
2023	918	226	1,144
2024	938	126	1,064
2025	938	130	1,068
2026	938	26	964
2027	1,329	-	1,329
	5,951	**1,148**	**7,099**

The lease of head office space expires on August 31, 2027 with options to extend the lease to August 31, 2047.

15. THE INDEPENDENT LEARNING CENTRE AND MATHIFY

The ILC provides a wide range of distance education courses, in English and in French that allow students to earn secondary school diploma credits, upgrade their basic skills, or study for personal development. It also supports children who may not be able to access elementary day school programs. The General Education Development (GED) provides paper based testing and computer based testing was made available in December 2020.

TVO Mathify provides a seamless school-to-home learning experience for learners with free 1:1 online afterschool math tutoring with an Ontario Certified Teacher. It also offers educators an enriched online classroom tool that enables interactive math lessons and activities, personalized learning and easy sharing between teachers, students and tutors to facilitate seamless learning and math support for students.

The ILC receives funding for these activities pursuant to contracts with the Ministry of Education to provide services. The portion of the funding that has been identified for specific projects is deferred until the related expenses have been incurred.

(a) TVO recognized the following revenue in respect of these contracts:

($000s)	2021	2020
ILC and Mathify Contracts		
Ministry of Education ILC contract	6,140	6,140
Mathify contract	4,000	4,000
GED computer based tests	184	-
Funding deferred from prior year (note 8)	4,853	3,879
Funding deferred to a future year (note 8)	(5,479)	(4,853)
ILC and Mathify grant and project funding recognized	**9,698**	**9,166**

(b) The ILC and Mathify incurred the following non-project operating expenses:

($000s)	2021	2020
ILC and Mathify Expenses during the year		
Salaries and benefits	11,639	8,741
Transportation and communication	56	244
Services	89	438
Allocated general expenses (note 13a)	755	959
Licences	519	564
Supplies, equipment and others	56	159
Total ILC and Mathify expenses	**13,114**	**11,105**

15. THE INDEPENDENT LEARNING CENTRE AND MATHIFY (CONT'D)

(c) The ILC incurred expenses in fiscal 2020 in connection with the transition to the Virtual Learning Environment. The majority of the funding for this project was provided by the Ministry of Education and is reported in Government Project Funding (note 11):

($000s)	2021	2020
ILC Adoption and preparation for new learning environment	-	2,169

16. ONLINE COURSE DEVELOPMENT AND TECHNOLOGY SUPPORT

(a) TVO recognized the following revenue in respect of these contracts:

($000s)	2021	2020
Online Course Development and Technology Support Funding:		
Online Course Development and Technology Support	454	-
Elementary Courses	1,243	-
Secondary Courses	500	-
Capital expenditure - deferred from prior year (note 9)	-	-
Capital expenditure - deferred to a future year (note 9)	(136)	-
Total Online Course Development and Technology Support	**2,061**	**-**

The majority of the funding for this project was provided by the Ministry of Education and is reported in Government Project Funding (note 11).

(b) During the year, TVO received special funding for the elementary course pack development and secondary online course development and technology support. The expenses incurred for the project is as follows:

($000s)	2021	2020
Online Course Development and Technology Support	454	-
Elementary Courses	1,243	-
Secondary Course	804	-
Total Online Course Development and Technology Support expenses	**2,501**	**-**

17. CONTINGENCIES

Contingencies refer to possible legal claims that have been made by or against the Authority, the ultimate outcome of which cannot be predicted with certainty. Management does not expect that the outcome of the claims against the Authority will have a material and adverse effect on its results and does not believe any provisions for losses are necessary at this time. No amounts have been recognized in the accounts for claims made by or against the Authority. Any settlements will be accounted for at the time of settlement.

18. RELATED PARTY TRANSACTIONS

The Authority is a Crown Corporation of the Province of Ontario and is therefore a related party to other organizations that are controlled by or subject to significant influence by the Province. Specifically, the Authority received revenue from Ontario school boards for Independent Learning Centre (ILC) course fees and sales of educational materials. These transactions were recorded at exchange amounts agreed to by the related parties.

Non-grant revenue received from related parties during the year are as follows:

($000s)	2021	2020
School boards	1,075	424